

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **January 28, 2003 Work Session**

AGENDA ITEM NO.: **1**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Solid Waste Management Residential Services Proposal**

RECOMMENDATION:

Provide direction to City staff regarding Solid Waste management issues; possible implementation of changes to Solid Waste equipment fees and payment methods.

SUMMARY:

On April 9, 2002, representatives from Reed, Stowe and Yanke presented the Solid Waste Rate Analysis to City Council. The Solid Waste Management Fund is currently in a declining financial position; the debt coverage and Fund balance ratios continue to drop and are projected to fall below key financial targets during the next few years without rate adjustments. The rate study suggested establishing a monthly residential rate that would fully recover revenues necessary to cover all residential costs.

Three citizen meetings were held in September with approximately 200 citizens attending and offering comments, ideas and suggestions. A report that categorized the citizen comments into various areas was presented to Council.

During the past six months, City Council has reviewed and discussed many options regarding Solid Waste residential services. As noted below under prior actions, City Council has reviewed and resolved several residential issues.

A few policy issues still need to be considered and decided by City Council. These issues include:

- ? What is the preferred number and size of containers that will be used as a part of the new semi-automated trash collection system?
- ? What is the preferred payment method for residential services?

PRIOR ACTION(S):

May 28, 2002 – City Council approved user rates for tires, commercial, industrial and sludge and landfill tipping fee rates. City Council directed staff to bring back additional information regarding funding and payment options.

June 25, 2002 – City Council reviewed solid waste services and payment methods and directed staff to hold citizen meetings and discuss these issues and bring back their feedback and input.

October 29, 2002 – City Council reviewed citizen feedback and input regarding solid waste services and payment methods. Council also discussed the current services and possible changes, as well as funding options. Council asked staff to bring back information regarding options as specified with agreed upon assumptions.

November 5, 2002 – City Council reviewed Solid Waste Management issues including restricting residential refuse collection to single and multi-family complexes up to four units. City Council approved the change in collection beginning with the implementation of the semi-automated collection system. Council asked staff to bring back information regarding eliminating the free monthly trip to the landfill, offering different size carts and how to pay for the new system for the December 10 meeting.

December 10, 2002 – City Council approved the following actions:

- ✍ The implementation of semi-automated refuse collection.
- ✍ Free decals will be distributed to the disadvantaged, elderly on tax relief and the residents of the Tyreeanna/Pleasant Valley neighborhoods.
- ✍ City residents will be allowed one free trip per month to the landfill up to 250 lbs. (excludes brush and bulk trips)
- ✍ City residents will be allowed to bring to the landfill all bulk and brush without charge; (this would not count as the free monthly trip).
- ✍ The initial cost of the uniform trashcans and upgrade/purchase of semi-automated trash trucks will be paid for out of the Undesignated Solid Waste Fund Balance.
- ✍ Operation Plant-A-Tree funds collected as a result of the recycling drop-off program will continue to go to Solid Waste (Special Revenue Fund).

FISCAL IMPACT: Undetermined at this time.

CONTACT(S):

Dave Owen (847-1806 ext. 22)

Bruce McNabb (847-1362 ext. 268)

ATTACHMENT(S):

Solid Waste Residential Service Proposals: Summaries and Details

REVIEWED BY: lkp



Solid Waste Management Report

January 28, 2003



Number of trash carts

Option 1 - One size cart (32 gallon)

■ **ADVANTAGES:**

- Each resident would have the same size can
- Less cost due to economy of scale in purchasing one size cart

■ **DISADVANTAGES:**

- Most residences with 3 or more family members will need more than one cart
- Increase refuse collection time due to multiple carts at each residence



Number of trash carts

Option 2 - Multiple size carts

■ **ADVANTAGES:**

- Each resident could select the appropriate size cart for their household
- Decrease refuse collection time due to fewer cart set out

■ **DISADVANTAGES:**

- More time involved to set up resulting from allowing residents to select cart size
- Two different size trash tags and decals required



Funding Options

Flat Fee plus Tag/Decal Option

■ **ADVANTAGES:**

- Stable revenue stream to cover Solid Waste expenses for residential services
- Monthly amount appears affordable for residents
- No change required for the tag/decal program
- All residents pay their fair share



Funding Options

Flat Fee plus Tag/Decal Option

■ **DISADVANTAGES:**

- Citizen will see as two charges
- Change occurs after Water and Sewer increase in July
- Possibility of less recycling



Flat Fee plus Tag/Decal Option

– Effect on Billings and Collections

- Increase in staffing for Billings and Collection
- Setting up the system (different categories – water & sewer customers, water customers only, those residents on wells and septic systems)
- Enforcement actions regarding residents who do not have a water account
- Challenges on how to charge multi-family units (between two and four)
- Expected increased number of customer calls
- System maintenance
- Increased number of cut-offs / cut-ons of water service



Flat Fee plus Tag/Decal Option

– Effect on Meter Readers Work Load

- Increased overtime
- Increased disconnects/reconnects for customer
- Sewer customers, water customers only, those residents on wells and septic systems)
- Maintenance of the system



Funding Options

Tag/Decal Increase Only Option

■ **ADVANTAGES:**

- Current system in place – No change
- Minimum increase in administrative cost
- Stable revenue stream to cover Solid Waste expense for residential services
- All residents pay their fair share



Funding Options

Tag/Decal Increase Only Option

■ **DISADVANTAGES:**

- Significant increase in cost of tags and annual decal (affordability)
- Increased illegal dumping
- Increased violations
- Expected increased customer calls

**Solid Waste Proposals
January 28, 2003**

Proposal # 1 – Add Monthly Flat Fee plus Tag/Decal (as is)

Flat Fee

- Flat fee would be \$5.11 per household per month

Tag/Decal

- Leave tag/decal priced as is:
 - 32 gal @ \$0.95 per tag or \$40.00 per annual decal
 - 64 gal @ \$1.90 per tag or \$80.00 per annual decal

Note:

1. With this option the tag/decal cover the disposal and half the cost of the recycling program.
2. Additional carts may be purchased at City cost, approximately \$45 each

Proposal # 2 - Increase Tags / Decals Fees

Tags/Decals

- Decals provided at no costs to the disadvantaged individuals (food stamps), elderly on tax relief and residents of Pleasant Valley / Tyreeanna Neighborhood residence. This includes one 32-gal cart per household.
- Cart options:
 - 32 gal @ \$2.17 per tag or \$91.60 per annual decal
 - 64 gal @ \$4.34 per tag or \$183.20 per annual decal

Note: Additional carts may be purchased at City cost, approximately \$45 each

Proposal One
 Solid Waste Management - Semi-Automated Collection
 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
 Excludes depreciation of carts and trucks
 Flat fee and Tag/Decal (as is)

Service Categories	Cost of Service*	Funding	Funding Source	
Refuse Collection	\$1,170,390	\$732,529	General Fund	63%
Billings & Collections /	\$65,910			
Utility Charges				
Litter & Debris	\$178,038	\$168,617	General Fund	95%
Brush	\$279,777	\$191,039	VDOT Highway Maint.	68%
Bulk/White Goods	\$160,479			
Household Hazardous Waste	\$33,993			
Recycling	\$333,831			
Disposal of Residential Waste**	\$565,543			
Total	\$2,787,960	\$901,146	GF Transfers	32%
		\$191,039	VDOT Highway Maint.	7%
		\$981,994	Flat Fee	35%
		\$713,781	Tags/Decals	26%

* Cost of service reflects a 2% increase for FY 04

**Disposal cost reflects a 7% reduction due to the elimination of 1300 units to private collection

Proposal Two
 Solid Waste Management - Semi-Automated Collection
 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
 Excludes depreciation of carts and trucks
 Increased Tags and Decal Cost

Service Categories	Cost of Service*	Funding	Funding Source	
Refuse Collection	\$1,170,390	\$732,529	General Fund	63%
Litter & Debris	\$178,038	\$168,617	General Fund	95%
Brush	\$279,777	\$191,039	VDOT Highway Maint.	68%
Bulk/White Goods	\$160,479			
Household Hazardous Waste	\$33,993			
Recycling	\$333,831			
Disposal of Residential Waste**	\$565,543			
Total	\$2,722,050	\$901,146	GF Transfers	33%
		\$191,039	VDOT Highway Maint.	7%
		\$1,631,542	Tags/Decals	60%

* Cost of service reflects a 2% increase for FY 04

****Disposal cost reflects a 7% reduction due to the elimination of 1300 units to private collection**

Proposal One
 Solid Waste Mangement - Semi-Automated Collection
 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
 Excludes depreciation of carts and trucks
 Flat Fee and Tags and Decal Fees (as is)

Residential Funding Option	Citizen Cost	Citizen Cost with discounts	Discount	Disadvantaged (1470)	Elderly on Tax Relief (911)	Pleasant Valley Tyreeanna Neighborhoods (181)	Projected Revenue
Flat Fee (18500)*	4.42	5.11					\$981,994
Tags (548,190)**	\$0.95	NA		NA	NA	NA	\$520,781
Annual Decal (4,825)***	\$40.00	\$40.00	100%	Free	Free	Free	\$193,000
		\$74.69	100%	Free	74.69	74.69	
		\$68.25	100%	68.25	Free	68.25	
		\$61.33	100%	61.33	61.33	Free	
		\$59.83	100%	59.83	59.83	59.83	
Total							\$1,695,774

*Represent the 18,500 single family households in the City of Lynchburg

**Represents the total number of tags sold during FY 02 less the 1300 units (multi-family) at 1 tag per week

*** Represents the number of decals sold during FY 02

Proposal Two
 Solid Waste Mangement - Semi-Automated Collection
 Continue General Fund and VDOT Subsidies
 Elimination of City Collection from Multi-family units of five or more
 Excludes depreciation of carts and trucks
 Increased Tags and Decal Cost

Residential Funding Option	Citizen Cost	Citizen Cost with discounts	Discount	Disadvantaged	Elderly on Tax Relief	Pleasant Valley Tyreeanna Neighborhoods	Projected Revenue
				(1470)	(911)	(181)	
Tags (548,190)*	\$2.17	NA		NA	NA	NA	\$1,189,572
Annual	\$91.60	\$91.60	100%	Free	Free	Free	\$441,970
Decal (4,825)**		\$74.69	100%	Free	74.69	74.69	
		\$68.25	100%	68.25	Free	68.25	
		\$61.33	100%	61.33	61.33	Free	
		\$59.83	100%	59.83	59.83	59.83	
		\$88.10	Everybody pays and purchased decals (includes tag buyers)				
Total							\$1,631,542

*Represents the total number of tags sold during FY 02 less the 1300 units (multi-family) at 1 tag per week

** Represents the number of decals sold during FY 02